

Message Text

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PAGE 01 BUDAPE 02540 240734Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
EB-08 COME-00 TRSE-00 OMB-01 AID-05 /080 W
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R 231539Z JUN 78
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 1791
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BONN
AMEMBASSY BUCHAREST
AMEMBASSY MOSCOW
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY VIENNA
AMEMBASSY WARSAW

C O N F I D E N T I A L BUDAPEST 2540

E.O.11652: GDS
TAGS: CSCE PEPR PGOV GW HU
SUBJECT: FRG-HUNGARIAN CONSULTATIONS

SUMMARY: LATEST ROUND OF HUNGARIAN-FRG CONSULTATIONS AT POLITICAL
DIRECTOR LEVEL CONFIRMED IMPROVING STATUS OF BILATERAL RELATIONS.
VISIT BY SCHMIDT TO BUDAPEST IN 1979 EXPLORED. END SUMMARY.

1. WE HAVE BEEN BRIEFED BY FRG EMBASSY (KLEINER) ON RESULTS OF
CONSULTATIONS CARRIED OUT EARLIER THIS WEEK IN BUDAPEST BY KLAUS
BLECH, POLITICAL DIRECTOR, DEPARTMENT II, AUSWAERTIGES AMT.
BLECH'S CONVERSATION PARTNER WAS DEPUTY FONMIN JANOS NAGY;
HE WAS ALSO RECEIVED BY FONMIN PUJA.

2. BOTH SIDES REAFFIRMED THEIR RELATIVE SATISFACTION WITH THE
PROGRESS OF BILATERAL RELATIONS. NAGY REMINDED BLECH THAT FRG IS
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PAGE 02 BUDAPE 02540 240734Z

HUNGARY'S MOST IMPORTANT WESTERN PARTNER AND STATED THAT GOH WANTS
TO SEE BILATERAL RELATIONS WITH THE FRG CONTINUE TO DEVELOP.
ON HIS PART, BLECH EXPRESSED SATISFACTION WITH THE DEVELOP-
MENT OF RELATIONS. HE WAS PLEASED, EVEN SURPRISED, AT THE GREAT
PROGRESS WHICH HAD BEEN MADE IN RECENT YEARS. BLECH AND NAGY DISCUSSED

A POSSIBLE VISIT BY CHANCELLOR SCHMIDT TO HUNGARY IN 1979,

BUT NO SPECIFIC DATES WERE PROPOSED.

3. BLECH EXPRESSED SATISFACTION WITH THE GOH PERFORMANCE ON FAMILY REUNIFICATION AS WELL AS THE TREATMENT OF GERMAN MINORITY IN HUNGARY. HOWEVER, BLECH RAISED TWO FAMILY REUNIFICATION CASES, BUT OUTSIDE THE FRAMEWORK OF HIS OFFICIAL MEETINGS. FRG EMBASSY REPORTS THAT ONE OF THESE CASES IS ALREADY ON THE WAY TO RESOLUTION.

4. ACCORDING TO FRG EMBASSY ITS CONTACTS IN HUNGARY HAVE IMPROVED CONSIDERABLY SINCE THE BRANDT VISIT THREE MONTHS AGO. FRG IS ALSO SATISFIED WITH EXCHANGES AND VISITS IN GENERAL BY BOTH GERMAN AND HUNGARIAN OFFICIALS, BUSINESSMEN, AND CULTURAL FIGURES. FRG EMBASSY BELIEVES THAT GDR CONTINUES TO ATTEMPT TO THWART EXPANDED FRG-HUNGARIAN CULTURAL TIES, BUT ALSO BELIEVES THAT SLOW EXPANSION OF CULTURAL RELATIONS IS ACCEPTABLE TO GOH.

5. MAJOR ISSUE OF DISCORD DURING THE CONSULTATIONS WAS FRG DESIRE TO USE BIDS OF BOTH GERMAN AND HUNGARIAN CONTRACTORS IN BUILDING OF NEW CHANCERY IN BUDAPEST. FRG IS CURRENTLY WITHHOLDING BUILDING PERMIT FOR THE GOH TO CONSTRUCT A NEW CHANCERY IN BAD GODESBERG PENDING SUCCESSFUL RESOLUTION OF THIS DISPUTE. AFTER BLECH DEPARTED, BARTHA OF MFA TOLD THE GERMAN EMBASSY THAT THE GOH HAS ADOPTED A NEW POSITION ON THIS POINT WHICH WILL BE COMPLETELY ACCEPTABLE TO THE FRG.

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PAGE 03 BUDAPE 02540 240734Z

6. TRADE. NAGY REGISTERED RITUAL COMPLAINT ABOUT DM 600 MILLION TRADE IMBALANCE IN FRG'S FAVOR. FRG EMBASSY PROFESSED TO BE NOT SERIOUSLY CONCERNED, ON THE THEORY THAT THE GOH MUST ACCEPT THE DEFICIT IN VIEW OF ITS NEED FOR GERMAN TECHNOLOGY.

7. BERLIN. FRG EMBASSY CLAIMS THE GOH SEEMS TO BE DEMONSTRATING MORE FLEXIBILITY THAN OTHER EAST EUROPEANS ON MINOR PROBLEMS RELATING TO BERLIN IN THE FIELDS OF SPORTS, TRADE, AND CERTAIN TYPES OF VISAS. COMMENT: THIS INFORMATION CONTRADICTS OUR UNDERSTANDING OF THE CURRENT STATUS OF TALKS WITH THE EC ON TEXTILES.

8. MULTILATERAL ISSUES. NAGY STRESSED THE HUNGARIAN AND SOVIET COMMITMENT TO DETENTE, BUT TREATED BLECH TO A LENGTHY DEFENSE OF THE SOVIET POSITION IN AFRICA WHEN BLECH OBSERVED THAT DETENTE SHOULD EXTEND BEYOND EUROPE. BLECH TOLD NAGY THAT DURING HIS VISIT TO THE FRG, BREZHNEV HAD CONVINCED THE FRG LEADERS OF HIS DESIRE FOR DETNETE. BLECH ADDED, HOWEVER, THAT GOOD INTENTIONS WERE NOT ENOUGH IF THEY WERE ACCOMPANIED BY ENHANCED SOVIET MILITARY CAPABILITY IN CENTRAL EUROPE. FRG EMBASSY BELIEVES THAT BREZHNEV'S VISIT TO BONN AND THE ECONOMIC AGREEMENT CONCLUDED THERE SET THE STATE FOR BLECH'S CONSULTATIONS AND FACILITATED PROGRESS OF HUNGARIAN-FRG RELATIONS. ON CSCE, NAGY PROFESSED A

DESIRE TO IMPLEMENT THE HELSINKI FINAL ACT AND STATED IT WOULD BE NECESSARY TO PREPARE BOTH MULTILATERALLY AND BILATERALLY FOR MADRID.

9. U.S. ACCORDING TO FRG EMBASSY NAGY EXPRESSED ANXIETY ABOUT CHANGES IN U.S. POLICY AND OUR LINKS WITH THE PRC. NAGY DID SUPPORT, HOWEVER, A MEETING BETWEEN THE PRESIDENT AND BREZHNEV. KAISER

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